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There is no apparent reason why the Government might not benefit from the use of flexible or compressed work schedules. A flexible schedule allows employees the freedom to choose, within given constraints, their working hours. Compressed schedules are fixed and involve working the same number of hours as usual in fewer days. An estimated 10,000 non-Federal organizations with 1.2 million employees are using compressed schedules, and from 300,000 to 1 million non-Federal employees are using flexible schedules. As of May 1977, 90 Federal organizations with more than 141,000 employees were either experimenting with flexible schedules or using them permanently. Findings/Conclusions: In both Federal and non-Federal organizations, increased productivity, improved morale, reduced tardiness, and reduced short-term leave usage were noted. Disadvantages were generally that meetings were difficult to arrange and workflow was hard to maintain properly. Employee unions contacted were not opposed to schedules limiting employees to workdays of 8 hours or less, but felt that overtime should be paid even when the employee volunteers for the overtime. The unions considered the flexible schedules to be acceptable providing there is union input in the planning. Existing labor laws hamper the experimentation in and use of alternate work schedules, especially making compressed schedules financially impractical. Recommendations: Congress should consider removing legislative impediments to flexible and compressed work schedules, requiring the Civil Service Commission to obtain data on work schedules which most contribute to efficient agency operations, and allowing the Commission to determine whether altered work schedules should have wider or more general application. (Author/SS)

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03531

REPORT TO THE CONGRESS

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*



Benefits From Flexible Work Schedules--Legal Limitations Remain

**Civil Service Commission
Other Federal Agencies**

Since early 1973 the use of flexible work schedules in at least 90 Federal Government organizations evolved from one experiment involving approximately 270 employees into a number of programs involving over 141,000.

Although experiments with these schedules have proven beneficial to organizations and employees, work hours and overtime pay requirements imposed by title 5 and the Fair Labor Standards Act impede experimentation with compressed and flexible work schedules of more than 8 hours a day or 40 hours a week.

Various forms of flexible and compressed work schedules can be applied with resulting benefits to the Government, its employees, and the public. The Congress should favorably consider legislation that would remove title 5 and Fair Labor Standards Act impediments.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-179810

To the President of the Senate and the
Speaker of the House of Representatives

This is our third report on flexible and compressed work schedules discussing their use in industry and State, local, and Federal governments, and containing the views of labor unions. It recommends that favorable consideration be given to revising provisions of title 5 and the Fair Labor Standards Act which currently impede experimentation with work schedules involving more than 8 hours a day or 40 hours a week without overtime compensation.

We reviewed the use of flexible and compressed work schedules to determine their effect on operations.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget and to the Chairman, Civil Service Commission.

A handwritten signature in dark ink, reading "James B. Stuckey", is positioned above the title of the official.

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

BENEFITS FROM FLEXIBLE WORK
SCHEDULES--LEGAL LIMITATIONS
REMAIN

Civil Service Commission
Other Federal Agencies

D I G E S T

In many Federal Government work situations, flexible and compressed work schedules can benefit both employers and employees. There is no apparent reason, GAO has concluded after a study, why work schedules in the Government could not be established on the basis of the needs and objectives rather than on predetermined and inflexible workdays.

GAO reviewed the use of flexible and compressed work schedules in both the public and private activities to determine their effect on operations.

In a report (B-179810) of October 21, 1974, GAO found that both employers and employees benefited from flexible and compressed work schedules. Since then, many more Federal organizations have conducted flexible scheduling experiments and found them advantageous.

A flexible schedule allows employees the freedom to choose within given constraints when they may come to work or leave. Compressed schedules are fixed and involve working the same number of hours as usual or slightly fewer in a period shorter than 5 days--for example 4 days, 40 hours.

Since the late 1960s many companies, local governments, and other organizations have redesigned their workweek, using either flexible or compressed work schedules. It is estimated that 10,000 non-Federal organizations with 1.2 million employees are using compressed schedules and from 300,000 to 1 million non-Federal employees are using flexible schedules.

EXPERIENCES OF INDUSTRY AND NON-FEDERAL GOVERNMENT

GAO talked with 14 organizations outside the Federal Government--8 using compressed schedules and 6 on flexible schedules--to find out about their experiences. Advantages they reported included

- increased productivity,
- improved morale,
- reduced tardiness, and
- reduced short-term leave usage.

Disadvantages most frequently mentioned related to difficulties in scheduling meetings and in maintaining proper workflow because key employees worked different schedules. Although organizations contacted generally found flexible and compressed work schedules beneficial, many could not measure resulting advantages and disadvantages.

EXPERIENCES IN THE FEDERAL GOVERNMENT

Work hours for Federal employees are governed by title 5 of the United States Code and the Fair Labor Standards Act. Title 5 sets rigid work hour and overtime requirements which impede experimentation with compressed and flexible work schedules. The act also restricts experimentation, to a lesser degree, with types of flexible schedules. These statutes require paying overtime after 8 hours worked in a day and 40 hours in a week and restrict the use of compensatory time.

As of May 1977, 90 Federal organizations with over 141,000 employees were either experimenting with flexible schedules or using them permanently. GAO found that most of 31 organizations covering over 133,000 employees reported benefits to both employers and employees:

- 71 percent had increased productivity.
- 86 percent listed improved morale and job satisfaction.
- 82 percent showed decreased tardiness.
- 71 percent reported decreased use of short-term leave.

However, the organizations did experience problems in using the schedules. As with industries and non-Federal Government units, there were difficulties in scheduling meetings and insuring proper workflow when key employees worked different schedules.

Although the organizations generally were unable to determine the full impact of the flexible schedules, none reported adverse effects on productivity, overtime costs, morale, turnover, leave usage, or tardiness.

GAO attempted to validate the reported productivity increases at five organizations but because of unsuitable data or lack of data this could not be done. The Civil Service Commission plans to require organizations to collect the data necessary to properly assess experiments with altered work schedules once appropriate legislation is enacted.

GAO obtained the views of a number of employee unions as to their reservations toward flexible and compressed work schedules. None were opposed to schedules which limited employees to workdays of 8 hours or less. However, they held that overtime should be paid when employees work more than 8 hours a day or 40 hours a week, regardless of whether the excess time is ordered by the employer or if the employee voluntarily chooses to extend working time. In general, the unions held that flexible schedules are acceptable provided there is employee union input in developing the programs.

The overtime provisions of title 5 and the Fair Labor Standards Act make it financially

impracticable for Federal agencies to experiment with compressed schedules and more advanced forms of flexible schedules.

Most Federal organizations in expressing reservations about problems with fatigue, workflow, and timekeeping, said they would be willing to experiment with these schedules.

In response to GAO's 1974 report, the Civil Service Commission has proposed legislation to remove the impediments to experimentation with flexible and compressed work schedules. The House passed the bill (H.R. 9043) in May 1976, but it was not reported out of committee in the Senate. With some modifications GAO has commented favorably on this and other proposals, principally H.R. 2930 and S. 517, which would properly permit testing these schedules in conformance with recommendations in an earlier GAO report.

RECOMMENDATION TO THE CONGRESS

The Congress should favorably consider legislation which would:

- Remove title 5 and Fair Labor Standards Act impediments to experimenting with flexible and compressed work schedules.
- Require the Civil Service Commission to implement and closely monitor tests to obtain data on the results and identify those work schedules which most contribute to efficient agency operations.
- Allow the Commission, at the conclusion of the test period, to determine whether altered work schedules should have wider or more general application and seek appropriate legislative action as necessary.

AGENCY COMMENTS

The Commission agreed with GAO's conclusions and recommendations. It reported that GAO's findings were consistent with its own as well as information it has received from other Federal agencies.

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CHAPTER 1

INTRODUCTION

In 1967 a German aerospace company tried a flexible work schedule to alleviate heavy traffic congestion to highways near the plant as employees arrived and departed from work. In addition to reducing traffic congestion, other benefits resulted, including increases in employees' morale and productivity and reductions in sick leave usage and tardiness.

Since 1967 the acceptance of flexible work schedules has spread throughout Europe, Japan, Canada, and the United States with far-reaching and substantive benefits to private and public employers and employees.

In addition to flexible work schedules, some employers have used compressed work schedules under which the 5-day workweek of 35 to 40 hours is compressed into a workweek of less than 5 full workdays.

There are no reliable statistics on the number of non-Federal organizations that have implemented or discontinued flexible and compressed work schedules. It is estimated, however, that over 10,000 organizations with 1.2 million employees are using compressed schedules. Estimates of the number of employees using flexible schedules range from 300,000 to 1,000,000. Despite the lack of reliable statistics, it appears that the use of these work schedules is increasing.

SCOPE OF REVIEW

We reviewed the use of flexible and compressed work schedules in both the public and private sectors, to determine the impact on organizational operations.

We discussed these work schedules and related matters with various officials at the Civil Service Commission, Department of Labor, Federal Energy Administration, affiliates of the American Federation of Labor and Congress of Industrial Organizations, and the National Federation of Federal Employees. In addition to contacting 31 Federal organizations experimenting with flexible work schedules, we contacted 14 non-Federal organizations including

- six private companies using flexible work schedules,
- four private companies using 4-day workweeks, and

--four State and city governments using 4-day work-weeks.

Additionally, we surveyed the headquarters personnel offices of the 71 departments and agencies comprising the interagency advisory group to determine the number of employees using flexible schedules.

We did not attempt to evaluate the schedules' effects on employees' social lives or on certain national issues, such as energy consumption or air pollution. Although gaining in popularity, only a small percent of the total work force use these schedules. A much larger percent would have to convert to flexible and compressed schedules or more controlled testing would have to be done before the impact on national issues could be assessed.

This report contains several references to reported advantages and disadvantages of altered work schedules. In most instances, we did not attempt to validate this information. We did attempt to validate the reported productivity increases at five Federal organizations. Because of unsuitable data or the lack of data the increases could not be validated. The Civil Service Commission has assured us, however, that with legislation permitting them to monitor and control experiments with flexible and compressed work schedules, it will require agencies to collect and maintain the data necessary to properly assess these experiments.

CHAPTER 2

CHANGES IN THE WORKWEEK

The 5-day, 40-hour workweek, with established starting and stopping times, is the most common workweek for employees in the United States and reflects a change from a 6-day workweek of 72 hours in the late 1700s. The reduction in work hours, accompanied by later starting times, earlier departures, and Saturdays off, has resulted from mechanization, the industrial and technological revolutions, the labor movement, and legislation.

TYPES OF ALTERED WORK SCHEDULES

Since the late 1960s many organizations have changed the basic workweek. These changes can be categorized as (1) compressed and (2) flexible. Like the basic 5-day, 40-hour workweek, compressed schedules are fixed, whereas flexible schedules are not.

Compressed work schedules

The most common compressed work schedule is the 4-day, 40-hour workweek. For example, the workweek may be Monday through Thursday or Tuesday through Friday, 10 hours a day, which gives employees a 3-day weekend. These schedules result in additional productive time by reducing startup and shutdown time for both employees and equipment by 20 percent. In addition, it is frequently possible to do plant maintenance entirely outside the productive hours.

Some organizations have reduced the number of hours in the workweek as well as the number of workdays. As the workweeks were reduced several other types of compressed schedules emerged, including a

- 36-hour workweek of three 12-hour days,
- 36-hour workweek of four 9-hour days,
- 36-hour workweek of 8 hours a day, Monday through Thursday, and half a day on Friday, and
- 38-hour workweek of four 9-1/2-hour days.

Flexible work schedules

There are numerous variations of flexible schedules in use. These schedules basically replace fixed times of arrival and departure with two different types of time--core

time and flexible time. Core time is the time during which all employees must be present. Flexible time is the time within which employees may choose their times of arrival and departure.

For example, if an agency has an 8-hour day and is open to the public from 8:30 a.m. to 5:00 p.m., employees may arrive at any time of their own choice between 7:00 and 9:30 a.m. and leave 8 hours later between 3:30 and 6:00 p.m. Lunch time can be from 30 minutes to 1 hour and 30 minutes, and may be taken between 12 noon and 1:30 p.m. The program is designed to allow maximum flexibility to employees and still require them to work a standard workweek, such as 40 hours per week.

The schedule's flexibility could be increased to permit employees the option of banking and borrowing time; that is, to work more or fewer hours than the standard workday or workweek, so long as they worked a prescribed number of hours within an established period. An employee required to work 40 hours a week could, for example, arrange the number of hours worked as follows: Monday, 8 hours; Tuesday, 8-1/2 hours; Wednesday, 9 hours; Thursday, 8-1/2 hours; and Friday, 6 hours.

Schedule variations range from staggered hours, in which employees are required to follow the work schedule without variation once selected, to complete flexibility, in which employees are required to work a specified number of hours during an established period. The established period may vary but a week, pay period, or month are most common.

EFFECTS OF FLEXIBLE AND COMPRESSED WORK SCHEDULES ON EMPLOYEES AND EMPLOYERS

Studies of flexible and compressed work schedules have revealed the following positive and negative effects.

On employees

- Expanded individual responsibility.
- The possibility of adjusting worktimes to individual biological rhythm and personal needs.

- Reductions in stress and time when commuting between home and work.
- Improved chances for further education.
- More choice between worktime and free time.
- Satisfaction of individual desires.
- Difficulty in determining compensation for overtime.

On employers

- Reduced absenteeism, overtime, and employee turnover.
- Increased employee productivity.
- Increased employee morale.
- Ease of employee recruitment.
- Adaptation to changes in labor productivity.
- Greater communication with customers and between plants.
- Longer operating day with increased use of capital assets.
- Possible communication difficulties particularly if core hours are short.
- Possible jealousy among employees not on liberal schedule arrangements.
- Possible work scheduling problems with team work.
- Possible increased administrative costs for recording employee worktime.

On society

- Increased job opportunities for some persons.
- Less rush-hour traffic congestion with reduced energy consumption.
- Better use of recreational facilities.
- Improved employee status within society.

Appendix III identifies selected publications relating to the use and impact of flexible and compressed work schedules.

CHAPTER 3

USE OF FLEXIBLE AND COMPRESSED WORK SCHEDULES

IN INDUSTRY AND STATE AND LOCAL GOVERNMENTS

Our survey indicated that there are many work situations in which flexible and compressed schedules are advantageous to management and employees. Although the organizations we contacted generally found the schedules beneficial to their operations, many had not quantified the advantages and disadvantages. The following sections discuss flexible and compressed work schedules that have been tried in industry and State and local governments.

WHERE TRIED

Organizations using these work schedules vary in size and function. In some cases only certain sections or departments use the schedules, while in others the entire organization is involved. The number of participating employees in the 14 non-Federal organizations we surveyed varied from 40 to 20,000. These organizations included insurance companies, manufacturing firms, public utilities, and State and local governments. We discerned no pattern of success or failure with the schedules by size or type of organization.

OBJECTIVES AND RESULTS

In our October 1974 report entitled "Legal Limitations on Flexible and Compressed Work Schedules for Federal Employees," we discussed the use of the schedules in 33 non-Federal organizations. In updating this survey, we contacted 14 of these organizations--8 using compressed schedules and 6 using flexible schedules. Their major objectives were to

- improve productivity,
- reduce traffic congestion,
- reduce tardiness,
- improve attendance,
- permit overlapping shifts during periods of maximum activity,
- improve morale, and
- provide an employee benefit.

The objective mentioned most frequently was that of providing an employee benefit. Under a 4-day, 40-hour compressed schedule the employee has a longer weekend and a possible 20-percent reduction in weekly commuting and child care costs. Also, employees are freer to use the extra day off to take care of personal business which cannot be done on weekends and avoid taking leave during the week. Similarly, under some flexible schedules, the employee can choose arrival and departure times to suit personal needs.

The organizations we contacted noted the following advantages and disadvantages of the work schedules. We did not verify the accuracy of the information. In most instances the reports were based on management or employee perceptions, as the organizations were generally unable to quantify the full impact of the schedule in each of the areas presented.

Compressed schedules

Advantages

1. Increased productivity. Five of the eight organizations using a compressed schedule reported quantified increases in productivity, attributed in part to a 20-percent reduction in startup and shutdown time resulting from 1 less day in the workweek. Not all increases, however, were attributed entirely to the compressed schedule.
2. All eight organizations reported increases in employee morale.
3. Reduced short-term leave use. Four organizations reported decreased use of short-term leave, two reported no change and two offered no data or perceptions. It was reported that under the compressed schedule, personal matters otherwise requiring leave may be handled on the employee's day off during the week.

Disadvantages

1. Fatigue experienced after 8 hours.
2. Problems with supervisory coverage when supervisors and employees are on different schedules.
3. Difficulties in responding to a public accustomed to a 5-day workweek.

Flexible schedules

Advantages

1. Reduced tardiness. All six of the organizations using flexible schedules reported tardiness has been reduced. Under flexible hours by the day, tardiness is virtually eliminated, as the employee's day begins upon arrival.
2. Reduced short-term leave use. Similar to the leave behavior reported by organizations under compressed schedules, employees under flexible schedules may make personal appointments during the flexible hours otherwise requiring leave. Three organizations reported a decrease in short-term leave use, one reported no change and two offered no data or perceptions.
3. Improved morale. All six organizations under flexible schedules reported increased employee morale.
4. More quiet time in the early and late hours.
5. Better communication between field offices in different time zones.
6. Increased use of carpools. Four organizations reported an increase and two reported no change.

Disadvantages

1. Supervisory coverage is a potential problem when arrival times of supervisors and employees differ. May be handled by informally coordinating supervisors' arrival times.
2. Office coverage may be a problem when employees choose hours different from official office hours.

CHAPTER 4
USE OF FLEXIBLE WORK SCHEDULES
IN THE FEDERAL GOVERNMENT

Since early 1973 there has been a growing interest in the concept of flexible work schedules. An ever-increasing number of Federal establishments have either instituted experimental programs or established permanent programs within their organizations as a result of studies which indicate flexible work hours may increase productivity, reduce sick leave and leave-without-pay use, relieve traffic congestion, and increase availability of Government services to the public. However, Federal organizations have been using only simplistic 8-hour floating day schedules because of various legal impediments.

LEGAL LIMITATIONS ON WORK SCHEDULE FLEXIBILITY

Title 5 of the United States Code sets rigid workhours and overtime pay requirements for Federal employees which impede experimentation with flexible and compressed work schedules. More specifically, chapters 61 and 55 of title 5 provide for overtime payment for any hours an employee works in excess of 8 a day or 40 a week. In addition, compensatory time is allowable only at the employee's request for occasional or irregular overtime unless his rate of basic pay is more than the maximum rate for GS-10. Thus title 5 impedes

- 4-day, 40-hour schedules because employees may not work over 8 hours a day without receiving overtime pay,
- schedules which allow employees to work varying numbers of hours each day, and
- 4-day, 40 hour schedules which use compensatory time for overtime worked on a regular and recurring basis.

On the other hand, the Fair Labor Standards Act, as amended, allows daily flexibility within the same workweek but it, too, restricts the degree of experimentation possible because of the requirement to pay overtime for work exceeding 40 hours a week. These requirements do not allow employees to bank and borrow time. For example, an employee could not work more than 40 hours the first week and fewer than 40 hours the next week.

FEDERAL EXPERIENCES WITH FLEXIBLE SCHEDULES

In our October 1974 report we stated that contacts with three Federal organizations having 970 employees experimenting with flexible work schedules showed that employers and employees benefited from the change, although few had developed precise quantitative data showing the effects.

Since then, many organizations have conducted flexible scheduling experiments and found the schedules advantageous to their operations and have encountered few difficulties in using them. As of May 1977, 90 Federal organizations with over 141,000 employees were either experimenting with flexible schedules or using them on a permanent basis. Appendix IV details the organizations, employees, and types of flexible schedule used. We contacted 31 of these organizations covering over 133,000 employees and found that most were reporting positive results from their experiments.

The most common objective given by the organizations for establishing flexible schedules was to improve employee morale by allowing employees more freedom to control the work situation and assume responsibility for their own actions. Other objectives sought were traffic relief, easier commuting, and reduced tardiness. Some organizations adopted flexible schedules in response to the general trend and/or in response to employee requests.

The 31 organizations contacted reported the following results from using flexible schedules:

- Twenty had increased productivity.
- Twenty-four had improvements in morale and job satisfaction.
- Twenty-three had decreased tardiness.
- Twenty had decreased short-term leave use.

The majority of the organizations reported no problems from using the schedules. However, some cited difficulties in scheduling meetings and insuring proper workflow when key employees worked different schedules. Another problem was initial management resistance because supervisors feared that they would lose supervisory control. These fears were

solved generally through an informal rotation system where supervisors work flexible hours some days and fixed hours others. Officials at several organizations, however, reported that flexible schedules enhanced the supervisor's role by requiring more thorough planning.

Measurable effects of flexible schedules

The following table summarizes the results reported by the organizations contacted, categorizes the findings into areas that are commonly measured by organizations, and details the method used to verify these findings.

Ratings on Specific Factors in Flexible Scheduling Programs in Federal Organizations/Activities (note a)

<u>Factors</u>	<u>In- creased</u>	<u>De- creased</u>	<u>No change</u>	<u>Not reported</u>	<u>Information based on</u>	
					<u>Data</u>	<u>Percep- tion</u>
Productivity	20	0	3	5	6	17
Employee morale	24	0	2	2	0	26
Tardiness	0	23	1	4	0	24
Turnover	0	4	11	13	1	14
Short-term leave	0	20	3	5	7	16
Overtime	0	6	12	10	3	15
Utilities	8	1	10	9	0	19
Carpools	10	2	7	9	6	13
Mass transit	4	2	9	13	3	12

a/Information is based on the results of 28 organizations; 3 others were not included because of intradepartmental overlap. GAO did not validate agency data for accuracy.

Even though officials at most of the organizations reported increased productivity and morale and reduced tardiness and leave usage, only a few had actually attempted to measure and quantify the results. Other reports were based primarily on perceptions as a result of employee attitude questionnaires and management surveys.

We were unable to validate agencies' claims of improved productivity, although we tried at five agencies. With the data available, we could not reach any conclusions on the effect of flexitime on productivity. Some agencies did not gather the data needed for measurement. Others did, but it was unsuitable because of impreciseness, small sample size,

or because of organizational changes which took place during the flexitime period that invalidated the data. Nevertheless, some agencies still claimed productivity increases. We could not independently determine whether flexitime resulted in any positive or negative changes in productivity.

Limitations and controls on flexitime

While positive results were reported by most of the organizations contacted, some employees were limited in using flexible schedules, because of limited work stations, multiple shifts, and adequate supervisory and office coverage. Many organizations had to continue the use of fixed schedules for employees in those situations.

Supervisors may limit an employee's flexibility as required by the organization's needs but they and clerical employees must be required to adjust their schedules to provide the necessary coverage during periods outside the core time. Such adjustments are often made informally.

Most of the organizations use timekeeping controls to monitor the program as shown below.

<u>Type of control</u>	<u>Number of organizations</u>
Sign-in sign-out sheet	10
No special controls (Honor system)	4
Combination of time accumulator, sign-in sign-out sheet and/or honor system	9
Individual timecards	4
Not reported	<u>1</u>
Total	<u>28</u>

LABOR UNION VIEWS

Employee labor unions generally have opposed proposals to permit employees to work over 8 hours a day without compensation at overtime rates of 1-1/2 or more times the employees' basic hourly rates. Labor unions had sought adoption of the 8-hour workday for over 100 years. Many of the current legal requirements regarding the length of workdays and workweeks resulted from the influence of labor unions upon various legislative bodies.

Some private sector union agreements provide for workdays of fewer than 8 hours or for workweeks of fewer than 40 hours. Few union contracts provide for using or testing compressed or flexible schedules.

We obtained the views of a number of employee unions to determine the nature and extent of their reservations towards flexible and compressed work schedules.

The American Federation of Labor and Congress of Industrial Organizations and its affiliate, the American Federation of Government Employees, believe that all work exceeding 8 hours a day should require overtime premium pay regardless of the type of work schedule. They are opposed to using compressed schedules which require a workday longer than 8 hours because they believed such schedules interfere with employees' family and social lives and, in some jobs, could lead to excessive fatigue with possible health and safety problems.

The National Federation of Federal Employees, however, favors compressed schedules and the incorporation of flexi-time into this system.

None of the unions polled were opposed to work schedules which limited employees to workdays of 8 hours or less. They believe, however, that premium payments should be made whenever employees work more than 8 hours a day, regardless of whether the excess time is at the employer's request or at the employee's option. In general, the unions feel that flexible schedules are acceptable for Federal employees provided there is employee/union input in developing the program.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATION

CONCLUSIONS

In many work situations, flexible and compressed work schedules can benefit both employers and employees. Federal and non-Federal organizations which have experimented with the schedules have reported increased productivity and morale. There is no apparent reason why work schedules in the Government could not be established on the basis of the needs and objectives of the work to be performed rather than on a predetermined and inflexible workday. The simplistic "floating day" work schedules currently permissible in the Federal sector do not provide a basis for assessing work schedules that will contribute most to efficient agency operations.

The overtime provisions of title 5 and the Fair Labor Standards Act make it financially infeasible for Federal agencies to experiment with compressed schedules and more advanced forms of flexible schedules. Although some officials expressed reservations about fatigue, workflow and timekeeping, most of the Federal organizations contacted told us they would be willing to experiment with these schedules. We believe the Congress should amend these laws to permit controlled testing of flexible and compressed schedules on an experimental basis to determine their effect on Government operations.

In response to our October 1974 report, the Civil Service Commission proposed legislation to remove the impediments to experimentation with flexible work schedules and compressed work schedules and permit them to monitor and control more advanced experimentation with such schedules. The bill (H.R. 9043) passed the House in May 1976 but was never reported out of committee in the Senate; it has been resubmitted in the 95th Congress. In June 1977, the Subcommittee on Employee Ethics and Utilization, House Post Office and Civil Service Committee, held a series of hearings on legislation proposing experiments with flexitime, compressed workweek, and mandating part-time work opportunities in the Federal service. With some modifications we have commented favorably on certain of these and other proposals, principally H.R. 2930 and S. 517, and feel they would properly permit testing these schedules in conformance with the recommendations in our earlier report. (See app. II.)

RECOMMENDATION TO THE CONGRESS

We recommend that the Congress favorably consider legislation which would:

- Remove title 5 and Fair Labor Standards Act impediments to experimenting with flexible and compressed work schedules.
- Require the Civil Service Commission to implement and closely monitor tests to obtain data on the results and to identify those work schedules which most contribute to efficient agency operations.
- Allow the Civil Service Commission, at the conclusion of the test period, to determine whether altered work schedules should have wider or more general application and seek appropriate legislative action as necessary.

AGENCY COMMENTS

The Civil Service Commission agreed with our conclusions and recommendation. It said that our findings were consistent with its own as well as information it has received from other Federal agencies with flexible work schedule programs. The Commission also commented that our report represents an addition to a growing body of evidence pointing to the benefits that flexible and compressed work schedules may offer to Federal agencies and it will continue efforts to seek passage of legislation to permit a 3-year test of all forms of alternative work schedules.



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

IN REPLY PLEASE REFER TO

YOUR REFERENCE

JUL 29 1977

• Mr. H. L. Krieger
Director, Federal Personnel
and Compensation Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Krieger:

This is in response to your letter of July 7, 1977, requesting the Commission's comments on GAO's draft report entitled "Federal Organizations Realize Benefits from Flexible Work Schedules -- Legal Limitations Remain."

This draft report notes that a growing number of Federal Government departments and agencies have experimented with or permanently adopted flexible work schedules within the limits allowed under current Federal law, and that beginning in 1973 with a few hundred employees in experimental programs, flexible work scheduling has expanded to cover in excess of 140,000 employees in more than 90 Federal organizations. The organizations contacted by GAO reported a number of benefits including increased productivity, improvements in employee morale, decreased tardiness and short-term leave usage in addition to others. These findings are consistent with our own experience with flexitime as well as information we have received from Federal agencies that have introduced flexible work schedule programs.

Despite the positive results which have been achieved to date, Federal agencies are still inhibited from experimenting with the more sophisticated forms of flexitime and all forms of compressed work schedules. This is due to the rigid scheduling requirements prescribed in title 5, United States Code, and the section of that title which requires overtime payments to Federal employees for any hours worked in excess of 8 in a day as well as the requirements of both title 5 and the Fair Labor Standards Act which mandate overtime payments for hours worked in excess of 40 in a week.

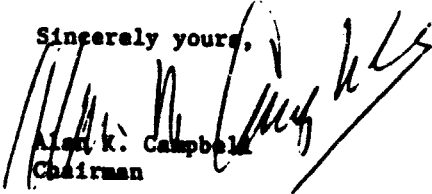
[See GAO note p. 18]

THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT

[See GAO note]

This report represents a well-constructed and well-documented addition to a growing body of evidence pointing to the benefits that flexible and compressed work schedules may offer Federal agencies and encourages us to continue our efforts to seek passage of legislation to allow a 3-year test of all forms of alternative work schedules in order to determine to what extent and in what situations they may have applicability to Government operations.

Sincerely yours,


Alan K. Campbell
Chairman

Enclosure GAO note: The deleted comments refer to matters included in the draft report but omitted from the final report.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

FPC-77-32

APR 26 1977

The Honorable Robert N. C. Nix, Chairman
Committee on Post Office and Civil Service
House of Representatives

Dear Mr. Chairman:

In response to your letter dated March 15, 1977, we are reporting on H. R. 2930, a bill to authorize Federal agencies to experiment with flexible and compressed work schedules.

In our report to the Congress, entitled "Legal Limitations On Flexible And Compressed Work Schedules For Federal Employees" (B-179810, dated October 21, 1974), we recommended that the Chairman, Civil Service Commission, seek legislation to amend title 5 and the Fair Labor Standards Act, as amended, to permit testing of flexible and compressed work schedules. We also recommended that the Commission help implement and monitor these tests, maintain data to identify schedules contributing to efficient agency operations, and to determine whether they have wider applicability, and if so, seek appropriate legislation.

The subject bill, H. R. 2930, is essentially identical to H. R. 9043 which passed the House of Representatives in the 94th Congress on May 6, 1976. This bill was prepared by the Commission in response to our report and was favorably reviewed by us. Likewise, we believe H. R. 2930 is responsive to our recommendations and should provide a sound basis for evaluating the feasibility of using flexible and compressed work schedules in the Federal Government.

We offer the following comments on individual sections of the bill.

Section 3

As defined in the bill the term "agency" or "employee" would not include any agencies or employees in the legislative and judicial branches of the Government. Some of these agencies and

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employees have functions similar to those in the executive branch and might benefit from using altered work scheduler. Additionally, their inclusion could further broaden the diversity of the activities included in the program. Therefore it is recommended that subsections 3(1) and 3(2) be deleted and the following subsections be substituted for them: "(1) the term 'agency' has the meaning given it by 5 U.S.C. § 5541(A) through (F); (2) the term 'employee' has the meaning given it by 5 U.S.C. § 5541(A) and (C)". If this recommendation is adopted, a new subsection (5) should be added granting authority to certain agency and office heads to implement the program for their organizations, inasmuch as they do not come under the Civil Service Commission. We suggest the proposed new subsection (5) be worded as follows:

"(5) The Architect of the Capitol may apply the provisions of this act to the employees under the Office of the Architect of the Capitol or the Botanic Gardens. The Librarian of Congress may apply the provisions of this act to employees under the Library of Congress. The head of an office, agency or other establishment in the judicial branch may apply the provisions of this act to employees under those organizations."

Section 4

The Commission is required to establish a master plan containing the criteria and guidelines used to approve and evaluate experiments. The plan is designed to provide a representative sample of organizations to determine the impact of the experiments on a variety of factors. We believe the plan is structured in a manner allowing the Commission to evaluate the feasibility of utilizing altered schedules on a permanent basis.

If our recommendation for broadening the coverage of the bill to include organizations within the legislative and judicial branches is accepted, section 4, page 2, line 21, should be amended by adding the phrase "for the executive branch" after the words "master plan" so as to indicate that the Commission has no authority over organizations outside the executive branch.

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Title I--Flexible Scheduling of Work HoursSection 101

This section defines overtime hours and credit hours. The distinction drawn here should prevent any misunderstandings over whether an employee's entitlement for hours worked in excess of 8 in a day or 40 in a week is compensable at the overtime rate or the basic rate.

Section 102

The Commission is given the authority to approve agency proposals to experiment with flexible schedules. Either the Commission or the agency may terminate the experiment if not found in the best interest of the parties concerned. Similarly, the agency may restrict the scope of the experiment, if necessary. These precautionary measures should help protect the interest of the parties concerned.

Section 103

Employees are permitted to use compensatory time for overtime hours worked, if so requested and approved. Also, credit hours cannot be compensated at overtime rates. Shift differentials will not normally be paid if employees choose to work a portion of their flexible time during those periods when the differential is otherwise authorized if the basic work schedule would permit them to accomplish their work schedules during hours when the differential is not authorized. These provisions should prevent unjust entitlement to shift differentials.

Section 104

This section is designed to insure that employees assigned to flexible schedules will be paid for Federal holidays which prevent them from working. This is in accord with the holiday provision of 5 U.S.C. § 6302(a).

Section 105

Agencies are permitted to use time-recording devices. Presently, they are prohibited in the District of Columbia. Although employee organizations may oppose their use, the devices

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should aid supervisors in ensuring that employees are completing their work schedules. Use of such devices is common in the private sector and we have no objection to the provision as written.

Section 106

Full-time employees may accumulate not more than 10 credit hours from a biweekly pay period for carryover to a succeeding biweekly pay period, while part-time employees may accumulate up to one-eighth of the hours worked in a biweekly pay period. This arrangement will provide employees additional flexibility in setting their work schedules. Agencies, however, are authorized to prescribe limitations on credit hour accumulation to meet their particular requirements.

Title II--4 Day Week and Other Compressed Work Schedules

Section 201

This section provides the definitions required to establish the parameters for the compressed work schedules. It defines overtime hours as those in excess of the specified hours constituting the compressed schedule and makes provisions for part-time employees. These definitions appear to be adequate.

Section 202

The Commission is given the authority to approve agency proposals to experiment with compressed schedules. Agencies are required to except any employee for whom a compressed schedule would impose a hardship. This provision is designed in the interest of employee protection. Should the schedule not prove in the best interest of the parties concerned, either the Commission or the agency may terminate it.

Section 203

This section concerns premium pay protection for employees working under compressed schedules. An employee in a unit not accorded exclusive recognition must waive in writing certain rights to premium pay. Although we favor protection for these employees, it may also inhibit the experimental use of compressed schedules. We have no way of knowing how much impact it will have on program experimentation.

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Title III--Administrative ProvisionsSection 301

This section defines the terms "day" or "workday" as employed in various statutes in title 5 of the United States Code as 8 hours when applied to employees participating in work schedule experiments under this bill. This provision is necessary so that employees working flexible and compressed work schedules will receive the same entitlements as employees working normal schedules.

Section 302

Employees in a unit accorded exclusive recognition may not participate in altered schedules unless so provided in an agreement. Similarly, such an agreement may not contain premium pay provisions inconsistent with the act. These provisions aid in affording the parties the necessary protection so the experiments may proceed voluntarily and properly.

Section 303

This section provides sanctions for coercing certain employees by interfering with their selecting a work schedule or executing a waiver. An employee found violating this provision shall either be removed or suspended for not less than 30 days. However, these protections apply only to employees in a unit not accorded exclusive recognition as we interpret them. We presume that employee organizations will protect the rights of employees in exclusive bargaining units through the negotiation of similar sanctions into their bargaining agreements.

Section 304

An interim report with possible legislative recommendations will be required by the Commission after 2-1/2 years. This should be a sufficient time to determine whether continuation of altered schedules is desirable.

Section 305

This section directs the Commission to promulgate regulations necessary for the administration of this act. If our recommendations to include agencies outside the executive branch in the program is adopted, it is further recommended that section 305, line 5, page 15,

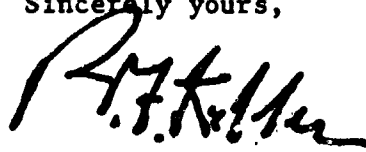
B-179810

be amended to include the phrase "for the executive branch" after the word "regulations." This change would make clear that Commission regulations apply only to the executive branch.

Section 306

This section establishes the date on which the program is to become effective. We believe that 90 days will be sufficient for advance planning for implementation if the bill is enacted.

Sincerely yours,



[Deputy] Comptroller General
of the United States

SELECTED PUBLICATIONS RELATING TO THE USE AND
IMPACT OF FLEXIBLE AND COMPRESSED WORK SCHEDULES

REFERENCED IN THIS REPORT

Goldberg, Harriet Faye, A Comparison of Three Alternative Work Schedules: Flexible Work Hours, Compact Work Week, and Staggered Hours. Philadelphia, Pennsylvania, Industrial Research Unit, The Wharton School, University of Pennsylvania, 1975.

The report covered 81 organizations in the United States and Canada, 57 of which had used compressed schedules and 24 had used flexible schedules. Of the organizations studied only 1 had discontinued using flexible schedules but 17 of the 57 using compressed schedules had discontinued using them.

The report showed that the major difference between organizations where compressed schedules succeeded or failed was the amount of manual labor required by the job. Compressed schedules were successful in data processing operations because the work is not physically strenuous and better use of capital equipment is realized.

Flexible schedules were considered an additional benefit to employees, involving little or no cost to the organization, and are used generally for white-collar workers. The study reported a general increase in job satisfaction by employees at organizations using altered schedules.

Hartley, Jo ed. and Martin, Virginia Hider, Hours of Work When Workers Can Choose: The Experience of 59 Organizations with Employer-Chosen Staggered Hours and Flexitime. Washington, D.C., Business and Professional Women's Foundation, 1975.

The foundation reported increases in productivity and employee morale and job satisfaction and decreased absenteeism, tardiness, and overtime costs. The conclusions were (1) technology alone had less potential for increasing productivity than technology coupled with other steps that increase productivity, (2) flexible hours may offer one means for this increase, and (3) the conversion to flexible schedules was providing long-term benefits in many cases in that none of the organizations studied discontinued using flexible schedules.

Swerdloff, Sol, The Revised Workweek: Results of a Pilot Study of 16 Firms. Bulletin 1846, U.S. Department of Labor, Bureau of Labor Statistics, 1975.

The study included five manufacturing firms, three banks, two insurance companies, two automobile dealers, two Government agencies, one wholesale trade firm, and one hospital that used compressed schedules for over a year; 12 of the organizations considered it a permanent arrangement, 3 considered it experimental, and 1 was considering discontinuing it.

The study showed that productivity generally increased, employee turnover was improved, absenteeism was reduced, and improvements were reported in the use of plants and equipment. In general, employees of the organizations seem to like compressed schedules and did not wish to change back to their former 5-day schedules.

Sharko, John R. and Price, Jeffrey P., Impacts of Energy Conservation Measures Applied to Commuter Travel. Philadelphia, Pennsylvania, Mathematica, Inc., prepared for U.S. Environmental Protection Agency, May 1975.

The study estimated that, when commuting trips were made during times when there was less traffic congestion, up to a 37-percent savings in energy consumption was possible because of improved traffic flow.

The report showed that using 4-day, compressed schedules could result in a 20-percent reduction in energy consumption because of the reduced number of trips made. Also, flexible schedules could result in reduced energy consumption because of the ease of forming carpools. Both compressed and flexible schedules could result in reduced energy consumption for commuters because of increased travel speed from improved traffic flow.

LIST OF FEDERAL ORGANIZATIONS USING FLEXITIME (note a)

Organizations Departments	Number of employees Combination of				Total
	Flexitime by the day (note b)	Flexi- tour (note b)	Flexitour and flexi- time by the day (note c)	Type not known	
Agriculture					
Economic Research Service	-	885	-	-	885
Food Nutrition Service	-	189	-	-	189
Commerce					
National Oceanic and At- mospheric Administration	1,400	540	-	-	1,940
National Technical Informa- tion Service	-	400	-	-	400
National Marine Fisheries Service	249	-	-	-	249
Office of Telecommunication	-	76	-	-	76
Other organizations	-	81	-	-	81
Health, Education, and Welfare					
Social Security Administration	6,660	6,200	-	-	12,860
National Institutes of Health (NIH) (note d)	482	-	-	-	482
Food and Drug Administration (FDA) (note d)	1,351	-	-	-	1,351
Office of the Secretary	-	-	-	3,133	3,133
Office of Human Development Public Health Service (ex- cluding NIH and FDA) (note d)	-	-	-	601	601
Other (one regional office)	-	-	-	1,122	1,122
Housing and Urban Development	5,144	-	-	-	5,144
Interior	-	1,338	-	-	1,338
Geological Survey	9,775	1,725	-	-	11,500
Bureau of Indian Affairs	3,000	-	-	-	3,000
Bureau of Reclamation	2,695	-	-	-	2,695
State	21	-	-	-	21
Justice					
Law Enforcement Assistance Administration	-	577	-	-	577
Transportation					
Federal Highway Administra- tion	299	-	-	-	299
Federal Aviation Adminis- tration	730	-	-	-	730
Labor	82	-	-	-	82
Treasury					
Bureau of Government Financial Operations	1,450	-	-	-	1,450
Bureau of Alcohol, Tobacco and Firearms	99	-	-	-	99
Other (two organizations)	-	151	-	-	151
Defense					
Defense Logistics Agency	22,000	-	-	-	22,000
Army					
10 major commands	1,510	28,697	-	-	30,207
Navy					
32 activities	13,846	1,538	-	-	15,384
Air Force					
2 activities	1,259	-	-	-	1,259
Civil Service Commission	4,200	1,960	-	-	6,160
Environmental Protection Agency	8,150	-	-	-	8,150
Federal Communications Commission	-	1,500	-	-	1,500
Federal Reserve Board	-	-	1,300	-	1,300
Library of Congress	1,500	-	-	-	1,500
National Credit Union Adminis- tration	-	600	-	-	600
U.S. Information Agency	-	-	723	-	723
Other organizations (nine)	290	-	-	1,555	1,845
Total	86,192	46,457	2,023	6,411	141,083

a/The data in this appendix was compiled from our detailed survey of 31 organizations and from contacts with the headquarters personnel offices of the 71 departments and agencies comprising the Interagency Advisory Group, a coordinating body directed by the Civil Service Commission. The data is not all-inclusive as not all Federal organizations are represented on the Advisory Group and not all organizations using flexitime monitor the extent of its use at the headquarters personnel office.

b/The Civil Service Commission categorizes flexitime into two broad groups: flexitime by the day and flexitour. Under flexitime by the day, the employee may choose on a daily basis his time of arrival, whereas under flexitour the employee also chooses his time of arrival, but once selected, this becomes the employee's fixed time of arrival until another "open season" for selection becomes available.

c/Breakdown of number of employees in each was not available.

d/Part of Public Health Service, which is considered one organization.

PRINCIPAL CIVIL SERVICE COMMISSION OFFICIALS RESPONSIBLEFOR ADMINISTERING ACTIVITIES DISCUSSED INTHIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
COMMISSIONERS:		
Alan K. Campbell, Chairman	May 1977	Present
Chairman (vacant)	Feb. 1977	Apr. 1977
Robert E. Hampton, Chairman	Jan. 1969	Jan. 1977
Georgiana H. Sheldon, Vice Chairman	Mar. 1976	Present
Vice Chairman (vacant)	Jan. 1976	Feb. 1976
Jayne B. Spain, (Vice Chairman)	June 1971	Dec. 1975
Commissioner (vacant)	Mar. 1977	Present
L. J. Andolsek, Commissioner	Apr. 1963	Feb. 1977
EXECUTIVE DIRECTOR:		
Raymond Jacobson	July 1975	Present
Bernard Rosen	June 1971	June 1975
DIRECTOR, BUREAU OF POLICIES AND STANDARDS:		
Fredrick A. Kistler	July 1976	Present
Arch S. Ramsay	July 1975	June 1976
Raymond Jacobson	Jan. 1969	June 1975